

(ARMS SALES)

WASHINGTON (AP) — **Approved For Release 2004/05/05 : CIA-RDP69B00369R000100240060-3**
CRITICIZED SECRET FINANCING OF ARMS THROUGH THE EXPORT-IMPORT BANK AND PLANNED LEGISLATION TO HALT THE FLOW TO UNDERDEVELOPED COUNTRIES.

SHORTLY AFTER THE ATTACK, BANKING COMMITTEE CHAIRMAN WRIGHT PATMAN, D-TEX., SAID THE REPUBLICAN STATEMENT "GIVES GREAT COMFORT TO OUR COMMUNIST ENEMIES IN THE WORLD."

PATMAN SAID "BY MAKING THIS STATEMENT, THE REPUBLICANS ARE INADVERTENTLY PERFORMING GREAT PUBLIC RELATIONS WORK FOR THE SOVIET UNION AND RED CHINA."

"THEY ARE HELPING TO PROVIDE A SMOKESCREEN FOR THE COMMUNIST ARMS SALES BY THEIR UNWARRANTED CRITICISM OF THE EXPORT-IMPORT BANKS ACTIVITIES," THE TEXAN ADDED.

LED BY REP. WILLIAM R. WIDNALL, R-N.J., SENIOR REPUBLICAN OF THE HOUSE BANKING COMMITTEE, THE GOP SAID "THE JOHNSON ADMINISTRATION'S ADMISSIONS YESTERDAY BEFORE OUR COMMITTEE REGARDING THE EXPORT-IMPORT BANK'S DEEP INVOLVEMENT IN INTERNATIONAL ARMS TRAFFIC CONFIRMED OUR WORST SUSPICIONS."

DURING AN ALL DAY HEARING YESTERDAY, THE BANKING COMMITTEE FOUND OUT THAT THE BANK, A U.S.-OWNED CORPORATION, SOLD \$2 BILLION IN ARMS TO COUNTRIES AROUND THE WORLD, INCLUDING TO BOTH SIDES OF THE MIDEAST CRISIS, SINCE 1963.

THE REPUBLICANS SAID 17 NATIONS, 12 OF THEM UNDERDEVELOPED, HAVE BEEN SOLD WEAPONS OVER AND ABOVE, WIDNALL SAID, WHAT CONGRESS AUTHORIZED THROUGH REGULAR MILITARY AID PROGRAMS.

IN THE LAST SEVERAL YEARS, WIDNALL SAID, 25 PER CENT TO 30 PER CENT OF ALL LOANS THROUGH THE EXPORT-IMPORT BANK WENT FOR FINANCING ARMS DEALS.

UNDERDEVELOPED COUNTRIES HAVE NO BUSINESS BUYING ARMS, WIDNALL SAID.

"THE ISSUE GOES TO THE HEART OF THE GROWING CRISIS IN CONFIDENCE SURROUNDING THE JOHNSON ADMINISTRATION," WIDNALL TOLD A NEWS CONFERENCE.

"YESTERDAY'S TESTIMONY REVEALS AN ATTITUDE OF MISTRUST BY THE ADMINISTRATION TOWARD NOT ONLY THE CONGRESS BUT THE AMERICAN PEOPLE."

"IT'S NOT SO MUCH THAT NECESSARY COVERT OPERATIONS MUST REMAIN CONFIDENTIAL AS IT IS THAT THESE COVERT OPERATIONS FURTHER ARE DESIGNED TO DECEIVE."

NOT ONLY MEMBER OF THE COMMITTEE, WIDNALL SAID, WAS AWARE THE BANK UNDER THE COMMITTEE'S JURISDICTION WAS INVOLVED IN ARMS TRADING. THE PURPOSE OF THE BANK, ESTABLISHED IN 1934,

IS TO PROVIDE FUNDS TO ENCOURAGE EXPORTS TO OVERSEAS NATIONS